



**VERMONT AGENCY OF HUMAN SERVICES**  
**DEPARTMENT OF HEALTH AND**  
**DEPARTMENT OF DISABILITIES, AGING AND INDEPENDENT LIVING**  
**June 1, 2006 DRAFT**

**REVISED CERTIFICATE OF APPROVAL APPLICATION**  
**COVER PAGE**

Applicant: \_\_\_\_\_

Project Title: \_\_\_\_\_

Principal Contact: \_\_\_\_\_

Address: \_\_\_\_\_  
(street) (town/city)

\_\_\_\_\_  
 (county) (state) (zip code)

Telephone #: \_\_\_\_\_

## PROPOSED PROJECT TYPE & AMOUNT

- Capital expenditure exceeding \$1,500,000 for construction, development or purchase of property or existing structure
- Purchase of a technology, technology upgrade, other equipment or a renovation with a cost exceeding \$1,000,000
- The offering of a health care service having a projected annual operating expense that exceeds \$500,000. for either of the next two budgeted fiscal years, if the service was not offered by the health care facility within the previous three fiscal years.

A) Proposed Capital Expenditure (Total Table 1) \$

B) Proposed Lease Amount (payment times term) \$

I certify to the best of my knowledge and belief, that the information in this application is true and correct and that this application has been duly authorized by the governing body of the applicant.

CERTIFYING OFFICIAL: \_\_\_\_\_  
(Name & Title)

SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_

**DESIGNATED MENTAL HEALTH AND DEVELOPMENTAL SERVICES  
AGENCY CERTIFICATE OF APPROVAL  
REVISED APPLICATION PROCEDURES AND INSTRUCTIONS****June 1, 2006 DRAFT**

Vermont Designated Mental Health and Developmental Services Agencies planning new projects are excluded from Certificate of Need (CON) review under 18 V.S.A. § 9435(b). Rather, these agencies must seek and receive written approval from both the Commissioner of the Vermont Department of Health (VDH) and the Commissioner of the Department of Disabilities, Aging and Independent Living (DAIL). If the project involves services or structures only for people with developmental disabilities or people with mental illness, then only the approval of the respective commissioner for the relevant department is required. The approval, known as a Certificate of Approval (COA), must be received prior to implementing any project which involves the following:

- Capital expenditure exceeding \$1,500,000 for construction, development or purchase of property or an existing structure
- Purchase of technology, technology upgrade, other equipment or a renovation with a cost exceeding \$1,000,000
- The offering of a health care service having a projected annual operating expense that exceeds \$500,000 for either of the next two budgeted fiscal years, if the service was not offered or employed by the health care facility within the previous three fiscal years.

**APPLICATION PROCESS AND TIMELINE**

**Process:** Applicants interested in developing projects that approach the expenditure thresholds identified above must initially submit a Letter of Intent (LOI) to the Commissioners of VDH and DAIL explaining the intent of their project and the estimated projected costs associated with it. If the projected costs exceed 75% of the three expenditure thresholds identified above, an LOI must be submitted to allow for consideration of potential cost overruns. The Departments will confer with each other and respond in writing indicating whether or not the proposed project is subject to review for a Certificate of Approval. If a COA is required, applicants must then complete the COA application that includes the following:

- Application Cover Page signed by the applicant's certifying official
- A project narrative that includes an overview of the project, responses to the review criteria questions and documentation of public input
- Completion of the necessary financial tables
- Any required attachments identified in the attached narrative such as schematic drawings, strategic plans or documentation of public meetings

One original complete application should be submitted to DAIL and one to VDH Division of Mental Health. Four (4) additional copies, excluding peripherally relevant documents that are incorporated in the application by reference, should be submitted to DAIL, and 4 to VDH for distribution to review staff.

**Timeline:** The timeline for the Certificate of Approval review process is as follows:

- Designated Agency submits a Letter of Intent to VDH and DAIL summarizing the proposed project and its associated projected costs.
- VDH and DAIL respond with a written acknowledgment of Letter of Intent to applicant within 20 calendar days of receipt, and notify applicant if the proposal is subject to VDH/DAIL review for a COA.
- Applicant completes and submits application and required attachments
- VDH and DAIL review submitted application and within 20 calendar days *either* determines the application to be complete or asks for additional information. Either determination must be communicated to the applicant in writing.
  - If Application is complete: Departments proceed with review and issue decision (either issue Certificate of Approval or deny approval) within 60 calendar days
  - If Application is not complete: VDH and DAIL ask and wait for additional necessary information and, when application is complete, review and issue COA approval decision within 60 calendar days.
- Upon notification of a COA approval, applicant must submit the COA approval letter and original Letter of Intent to BISCHA as called for in 18 V.S.A. § 9435(b)

## **REVISED CERTIFICATE OF APPROVAL APPLICATION: NARRATIVE AND FINANCIAL TABLES**

### **A. NARRATIVE: PROJECT OVERVIEW AND DETAILS**

Describe the project with sufficient detail for readers to understand the magnitude, complexity, and major elements of what is being proposed. Specify the capital and operating costs resulting from the project and your agency's rationale for undertaking the project at this time. Please keep this statement reasonably concise and provide the following applicable details:

1. For construction or renovation projects:
  - a) Provide dates for the duration of the proposed construction and renovation period.
  - b) Include schematic drawing, at least 1/16" scale, for the existing and proposed facility.
  - c) Provide existing and proposed departmental net and gross square feet for each department affected by the project.
  - d) Provide assurance that the project will comply with ADA commercial construction standards
  - e) Provide description of permitting processes (local/regional/state) that the project will be subject to

2. For projects involving lease arrangements:
  - a) Indicate the duration, dates, and terms of the lease.
  - b) Compare costs of lease with purchase option.
3. For projects involving the refinancing of existing debt:
  - a) Describe the terms of both old and new debt, interest and maturity.
  - b) Demonstrate cost savings of refinancing or describe reasons for refinancing.

## **B. NARRATIVE: GENERAL CRITERIA**

Address each of the following general criteria with a narrative that answers how and why you believe the proposal meets each criterion. Below each criterion is a list of questions; please address all that are applicable to your project. The term *project* refers to a capital construction project, other capital expenditure or new service with costs that exceed the thresholds identified in the COA application instructions.

If your Agency's proposal is a response to a request by the Department of Health's Division of Mental Health (DMH) or by the Department of Disabilities, Aging and Independent Living (DAIL), you do not need to respond to Criterion II (Need) and several of the questions in Criterion I ( Strategic Plan ). Rather, please describe how your proposal addresses the programmatic need identified by DMH or DAIL.

### ***Criterion I: Relationship of Proposed Project to Agency Strategic Plan***

How does the proposal relate to or result from your agency's Strategic Plan or System of Care Plans? How is it consistent with your agency's mission? How will any new or reorganized services be coordinated with other services or providers in your area?

### ***Criterion II: Need for the Proposed Project***

What is the need for the proposed project and how will it assist your agency in fulfilling its mission or in continuing to provide and/or improve its services. Please demonstrate that the proposed project is needed to do one or more of the following and, if so, how.

- (a) maintain the availability and accessibility of developmental/mental health services. Why is the status quo not adequate to meet the need; and/or,
- (b) meet specific unmet needs of the population. Provide a forecast of the unmet needs and describe the methodology for deriving this forecast; and/or,
- (c) improve the mental health or developmental service needs of the population to be served. Describe the plan for accomplishing this and what the expected outcomes will be; and/or,
- (d) increase the efficiency of administrative functions.

### ***Criterion III: Organizational Structure, Affiliations and Operations***

What is the organizational entity applying for this Certificate of Approval and, if not a single designated agency, what will its organizational structure and governance be? Please describe any key organizational arrangements necessary to implement this proposal such as joint ventures, affiliations, or partnerships and the financial or other contributions that any affiliated organization or related parties will be making to the project. What will be the impact of this project on your agency's operations such as staffing, management and programs?

### ***Criterion IV: Public Input Sought***

Has your agency's proposed project been supported by your governing board and by your Local Standing Committees?

What other public input or involvement has your agency invited or participated in related to the project? Please provide any public notices or meeting minutes that reflect opportunities for public review and/or input.

### ***Criterion V: Financial Feasibility and Impact Analysis. Applicant must demonstrate financial feasibility and capacity, including resources sufficient to implement and sustain operations over time***

In addition to submitting the attached financial tables, please provide any narrative information that you believe would help illustrate the financial impact and feasibility of this project. If the tables reflect anything significant that requires an explanation or clarity, please address this in the narrative.

Were any alternatives to this proposal considered and, if so, why were they rejected? Explain why you believe there are no other less costly or more effective alternatives to be considered.

In the case of a construction or renovation project, please describe the costs and methods of the proposed construction, and demonstrate that they are reasonable as compared to the costs of similar construction in your local area.

Please address any of the following that are applicable to your proposed project:

- For projects that require high levels of debt financing relative to the cash flow of the institution, please submit the previous year's balance sheet and a projected balance sheet reflecting the increased debt level.
- For projects whose financial feasibility is endangered by low utilization, submit a financial forecast in which utilization levels are only sufficient for the service to break even financially.

## C: FINANCIAL TABLES

Please complete the following financial tables which are attached, or available, in an Excel format.

<b><u>TABLE</u></b>	<b><u>DESCRIPTION</u></b>
1	Project Costs
2	Debt Financing Arrangement: Sources & Uses of funds
3A	Income Statement: Without Project
3B	Income Statement: Project Only
3C	Income Statement: With Project
4A	Balance Sheet-Unrestricted Funds: Without Project
4B	Balance Sheet-Unrestricted Funds: Project Only
4C	Balance Sheet-Unrestricted Funds: With Project
5A	Statement of Cash Flows: Without Project
5B	Statement of Cash Flows: Project Only
5C	Statement of Cash Flows: With Project